

## Message Text

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ACTION EB-08

INFO OCT-01 AF-10 ISO-00 L-03 IO-14 NSC-05 AID-05  
CIAE-00 COME-00 FRB-01 INR-10 NSAE-00 ICA-20  
XMB-04 OPIC-06 SP-02 LAB-04 SIL-01 OMB-01 /095 W  
-----026053 101118Z /12

R 100800Z AUG 78  
FM AMEMBASSY ABIDJAN  
TO DEPT OF TREASURY WASHDC  
AMEMBASSY BANGUI  
INFO SECSTATE WASHDC 0000

UNCLAS SECTION 1 OF 2 ABIDJAN 7439

DEPT PASS DCC AGENCIES

E.O. 11652: N/A  
TAGS: AFDF, EFIN, EAID  
SUBJ: AFRICAN DEVELOPMENT FUND LOAN FOR  
BANGUI-BOSSEMBELE ROAD

REF: ABIDJAN 7412 (NOTAL)

SUMMARY: AFRICAN DEVELOPMENT FUND MANAGEMENT  
PROPOSES 6.0 MILLION FUND UNIT OF ACCOUNT (FUA  
EQUAL TO US \$1.11) LOAN TO THE GOVERNMENT OF THE  
CENTRAL AFRICAN EMPIRE TO FINANCE A PORTION OF  
COST OF RECONSTRUCTION OF A 145.6 KM ROAD LINKING  
BANGUI TO BOSSEMBELE. PROJECT INCLUDES CONSTRUCTION  
OF A BRIDGE OVER THE M'BALI RIVER, PROJECT  
ENGINEERING DESIGN AND PROJECT SUPERVISION. TOTAL  
COST OF PROJECT EQUAL TO FUA 24.7 MILLION TO BE  
CO-FINANCED WITH IDA, KUWAIT FUND AND GOCAE.  
END SUMMARY.

1. AFDF DOCUMENT BD/78/64 AND ATTACHMENTS DESCRIBING  
PROJECT POUCHED TO DEVELOPMENT COORDINATING  
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COMMITTEE (DCC) AGENCIES AUG 4, 1978. REQUEST  
AMEMBASSY BANGUI CABLE ANY VIEWS ON PROJECT TO  
ASSIST DCC DELIBERATIONS ON U.S. BOARD POSITION.  
BOARD CONSIDERATION SCHEDULED FOR AUG 24, 1978.

2. AFDF MANAGEMENT PROPOSES FUA 6.0 MILLION LOAN  
TO GOCAE TO FINANCE 24.2 PERCENT OF COST OF:

A) RECONSTRUCTION OF THE BANGUI-BOSSEMBELE ROAD (146.6 KM) TO A TWO-LANE BITUMINOUS STANDARD (FUA 18.8 MILLION); B) CONSTRUCTION OF A NEW BRIDGE ALONG THE ROUTE CROSSING THE M'BALI RIVER (FUA 346 THOUSAND) AND IMPROVEMENT OF AN EXISTING BRIDGE CROSSING THE M'POKO RIVER (FUA 156 THOUSAND); AND C) PROJECT ENGINEERING DESIGN (FUA 163 THOUSAND). TOTAL COST OF PROJECT ESTIMATED AT FUA 24.7 MILLION. COST ESTIMATE INCLUDES TEN PERCENT ALLOWANCE FOR PHYSICAL CONTINGENCIES AND 13 PERCENT ALLOWANCE FOR PRICE ESCALATION. FOREX COSTS EQUAL TO 85 PERCENT OF TOTAL PROJECT COSTS. PROJECT TO BE CO-FINANCED WITH IDA (FUA 14.4 MILLION), KUWAIT FUND (FUA 3.2 MILLION) AND GOCAE (FUA 1.2 MILLION WHICH INCLUDES FUA 538 THOUSAND IN TAXES). ANY COST OVERRUNS TO BE MET BY GOCAE. PROCUREMENT TO BE IN ACCORDANCE WITH STANDARD INTERNATIONAL BID PROCEDURES. TERMS OF AFDF LOAN: 50 YEARS AMORTIZATION INCLUDING TEN YEARS GRACE, 0.75 PERCENT SERVICE CHARGE. GOCAE TO BE BORROWER, MINISTRY OF PUBLIC WORKS AND HOUSING TO BE EXECUTING AGENCY.

3. THE PROPOSED ROAD WOULD SUPPLANT AN EXISTING LATERITE SURFACE ROUTE, 148 KM LONG RUNNING FROM BANGUI THROUGH BOALI TO BOSSEMBELE. THE PROJECT ROAD FORMS A SEGMENT OF THE 600 KM ROUTE LINKING UNCLASSIFIED

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THE CAE'S CAPITAL CITY OF BANGUI TO THE PORT OF DOUALA IN CAMEROON. MAINTENANCE OF A LINKAGE BETWEEN THE CAPITAL AND THE PORT IS IMPORTANT TO THE GOCAE IN ORDER TO PRESERVE ONE OF THE COUNTRY'S PRINCIPAL EXPORT ROUTES. THE PRESENT ROAD WAS NOT WELL ENGINEERED WHEN IT WAS CONSTRUCTED AND THE CARRIAGEWAY IS GENERALLY AT OR BELOW GROUND SURFACE LEVEL RESULTING IN INADEQUATE DRAINAGE. ITS LATERITE GRAVEL SURFACE WHICH RANGES BETWEEN FIVE AND 5.5 METERS IN WIDTH, IS BADLY ERODED. THE ROAD WAS INTENDED TO BE AN ALL-WEATHER SURFACE, HOWEVER, IT IS IMPASSABLE AT TIMES DURING THE RAINY SEASON. THERE ARE TWO MAJOR RIVER CROSSINGS ALONG THE ROUTE AT THE M'POKO AND THE M'ABLI RIVERS BOTH OF WHICH ARE SPANNED BY SINGLE LANE BRIDGES, 73M AND 55M LONG, RESPECTIVELY. THE BRIDGES WERE BUILT IN THE EARLY 1940'S AND REQUIRE REPAIR OR REALIGNMENT. THE NEW PROJECT ROAD IS TO HAVE A 6M WIDE DOUBLE BITUMEN SURFACE OVER A CEMENT STABILIZED BASE 150 CM THICK, ON TOP OF A 150 CM SUB-BASE WITH A GRAVEL SURFACE SHOULDER ON EACH SIDE. THE PROPOSED RECONSTRUCTION WILL GENERALLY

FOLLOW THE SAME ALIGNMENT AS THE EXISTING ROAD.  
DRAINAGE FACILITIES WILL BE ADDED TO FACILITATE  
ALL-WEATHER PASSAGE. THE EXISTING BRIDGE OVER THE  
M'POKO RIVER WILL BE RETAINED, HOWEVER, A NEW  
REINFORCED CONCRETE BRIDGE WITH A TWO-LANE, 7M  
CARRIAGEWAY WILL BE CONSTRUCTED OVER THE M'BALI  
RIVER.

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R 100800Z AUG 78  
FM AMEMBASSY ABIDJAN  
TO DEPT OF TREASURY WASHDC  
AMEMBASSY BANGUI  
INFO SECSTATE WASHDC 9920

UNCLAS SECTION 2 OF 2 ABIDJAN 7439

DEPT PASS DCC AGENCIES

4. ROAD MAINTENANCE IN THE COUNTRY HAS BEEN A CHRONIC PROBLEM, WITH LITTLE HAVING BEEN ACCOMPLISHED IN THE PAST. THEREFORE, CONDITIONS OF AFDF LOAN STIPULATE THAT GOCAE SHALL ENSURE THAT ADEQUATE MAINTENANCE WILL BE CARRIED OUT OVER THE LIFE OF THE PROJECT ROAD INCLUDING RESEALING AT INTERVALS NOT EXCEEDING SEVEN YEARS. IDA IS ADDRESSING THE GENERAL PROBLEM OF ROAD MAINTENANCE IN THE COUNTRY AND HAS ALSO MADE ESTABLISHMENT OF A MINIMAL ROAD MAINTENANCE PROGRAM A CONDITION OF ITS CREDIT. IDA AND SEVERAL OTHER DONORS ASSISTED IN DESIGNING A MINIMUM FOUR-YEAR ROAD MAINTENANCE PROGRAM IN 1977 WHICH RESULTED IN ESTABLISHMENT OF A SPECIAL MAINTENANCE FUND OPERATED BY THE MINISTRY OF PUBLIC WORKS. THE FUND IS EXPECTED TO TOTAL APPROXIMATELY US \$45 THOUSAND BY END OF 1978. AFDF APPRAISAL REPORT INDICATES THAT THIS AMOUNT IS HARDLY ADEQUATE TO CARRY OUT MINIMUM REPAIRS AND THEREFORE AFDF FELT IT NECESSARY TO OBTAIN SPECIAL ASSURANCES REGARDING MAINTENANCE OF PROJECT ROAD.

5. THE PROJECT AREA, WHICH IS ESSENTIALLY RURAL, HAS A POPULATION OF APPROXIMATELY 50 THOUSAND. AGRICULTURAL PRODUCTION IN THE AREA

IS ABOUT 25 THOUSAND TONS PER YEAR, WITH THE PRINCIPAL CROPS BEING CASSAVA, GROUNDNUTS AND FRUITS. A LARGE PORTION OF THE AREAS UNCLASSIFIED

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FRUIT PRODUCTION IS PROCESSED AT A LOCAL FRUIT-JUICE FACTORY WITH AN ANNUAL CAPACITY OF SIX THOUSAND TONS. PRINCIPAL ECONOMIC BENEFIT OF THE PROJECT TO BE DERIVED THROUGH TRANSPORT OF AGRICULTURAL AND GENERAL GOODS ALONG THE PROJECT ROUTE. TRANSPORT VOLUME IS EXPECTED TO TOTAL 164 THOUSAND TONS IN 1981, CONSISTING OF 81 THOUSAND TONS OF IMPORT/EXPORT TRAFFIC AND 83 THOUSAND TONS IN DOMESTIC SHIPMENTS. INTERNATIONAL SHIPMENTS TRAFFIC IS EXPECTED TO INCREASE BY 7.5 PERCENT PER YEAR. DOMESTIC TRAFFIC WHICH INCLUDES TRANSPORT OF CROPS, SUPPLIES FOR THE PROJECT AREA, AND SHIPMENTS THROUGH THE AREA ARE EXPECTED TO INCREASE AT THE SAME RATE AS THE DOMESTIC ECONOMIC GROWTH RATE, OR FIVE PERCENT PER YEAR. THE MOST RECENT TRAFFIC COUNTS ON THE ROUTE INDICATE A DAILY AVERAGE OF BETWEEN 90 AND 145 VEHICLES, DEPENDING ON THE ROAD SEGMENT SAMPLED. TRAFFIC IS ESTIMATED TO REACH 270 VEHICLES PER DAY IN 1981 INCREASING TO A LEVEL OF 507 VEHICLES A DAY IN THE YEAR 2000. THE INTERNAL RATE OF RETURN OF THE PROJECT IS CALCULATED TO BE BETWEEN 12 AND 13 PERCENT. RETURNS ARE BASED ON FOLLOWING: REDUCTION IN OPERATING COSTS AND GENERAL HAULAGE OF GOODS ACCOUNTS FOR 50 PERCENT OF ECONOMIC BENEFIT; BENEFIT DERIVED FROM HAULAGE OF PETROLEUM PRODUCTS CONSTITUTES 25 PERCENT OF TOTAL; AND LIGHT VEHICLES AND BUSES MAKE UP THE REMAINDER OF ECONOMIC BENEFIT. A TWENTY PERCENT INCREASE IN CONSTRUCTION COST INDICATES A TEN PERCENT RETURN. IF CONSTRUCTION COSTS EQUAL CURRENT ESTIMATES BUT ANTICIPATED BENEFITS DROP BY 20 PERCENT, RATE OF RETURN IS SLIGHTLY OVER TEN PERCENT. FRIEDMAN

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## Message Attributes

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